



SPONSOR: Rep. Carson & Sen. Bushweller & Sen. Ennis  
Rep. Lynn

HOUSE OF REPRESENTATIVES  
149th GENERAL ASSEMBLY

HOUSE BILL NO. 131

AN ACT TO AMEND TITLE 25 OF THE DELAWARE CODE RELATING TO MANUFACTURED HOUSING.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1           Section 1. Amend § 7043, Title 25 of the Delaware Code by making deletions as shown by strikethrough and  
2     insertions as shown by underline as follows:

3           § 7043. Rent increase dispute resolution [For application of this section, see 79 Del. Laws, c. 304, § 7 and 80 Del.  
4     Laws, c. 229, § 3]

5           (i) Until final resolution of the rent increase dispute, ~~the home owners will be subject to pay the rent increase to~~  
6     ~~the community owner as set forth in this section as notified; however, if the rent increase is not approved through the~~  
7     ~~process provided in this section, the community owners shall rebate the increase.~~

8           (1) Within 7 days of receipt of each payment of the disputed rent increase, the community owner shall deposit  
9     such payment into an escrow bank account in a federally-insured banking institution with an office that accepts  
10    deposits within the State.

11           a. Disputed rent increase shall mean only the portion of the rent increase that is in dispute. It does not  
12    include increases permitted by §7042(a) or any other increases agreed upon by the community owner and the  
13    home owner.

14           (2) The community owner shall designate such account with the banking institution as a disputed rent increase  
15    account.

16           a. The community owner shall maintain a separate escrow account for each community owned by the  
17    community owner.

18           b. The community owner shall maintain financial records such that the Consumer Protection Unit, or its  
19    successor, of the Attorney General's Office can audit such records.

20           (3) Within 30 days of receipt of the first disputed rent increase payment, the community owner shall provide  
21    written notice to the Delaware Manufactured Home Relocation Authority (Authority) and the Consumer Protection

Unit, or its successor, of the Attorney General's Office identifying the name of financial institution where the escrow account is located and the account number. The Authority shall post the name of the financial institution where the escrow account is located on its website without the bank account number.

(4) The community owner is prohibited from using the escrowed funds in any manner not expressly permitted by this subsection.

(5) Penalties.

a. Failure of the community owner to provide notice pursuant to §7043(i)(3) shall result in a fine of \$500.00 per day payable to the Consumer Protection Fund.

b. Failure of the community owner to deposit the disputed rent increase amount in a federally-insured financial institution with an office that accepts deposits within the State pursuant to §7043(9)(1) shall constitute forfeiture of the disputed rent increase by the community owner to the home owner. Failure by the community owner to return the disputed rent increase amount to the home owner within 20 days from the effective date of forfeiture shall entitle the home owner to double the total disputed rent increase amount.

(6) If the rent increase amount is not approved at arbitration and the community owner appeals pursuant to §7044, the home owner may discontinue disputed rent increase payments to the community owner.

(7) Upon final resolution of the rent increase dispute, if the rent increase is not approved, the community owner shall return to the home owner the amount of the disputed rent increase paid by the home owner plus any interest accrued. If the rent increase is approved, the community owner is entitled to any portion of the disputed rent increase amount that was upheld upon final resolution held in escrow plus any interest accrued in addition to the disputed rent increase amount unpaid after arbitration.

#### SYNOPSIS

This bill sets forth the framework by which a homeowner will pay the disputed rent increase amount to the community owner until final resolution of the rent increase dispute. The community owner must keep each payment of the disputed rent increase amount in an escrow account in a federally-insured banking institution and provide in writing the location of the account to the Delaware Manufactured Home Relocation Authority (Authority) and the Consumer Protection Unit of the Attorney General's Office and the account number within 30 days of the first dispute rent increase payment. This bill prohibits the community owner from using the escrowed funds for any purpose not expressly permitted by this subsection. This bill requires the community owner to maintain a separate escrow account for each community owned and financial records such that the Consumer Protection Unit can audit such records. This bill provides penalties if the community owner fails to provide the location of the escrow account or place the rent increase dispute payments into an escrow account at a federally-insured banking institution. The bill provides that upon final resolution, if the rent increase dispute resolves in favor of the home owner, then the community owner must return the disputed rent increase held in the escrow account including any interest. If the community owner prevails, then the community owner is entitled to the dispute rent increase amount held in the escrow account plus any accrued interest.